

Internal Revenue Service

Department of the Treasury
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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
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Date:
May 04, 2010

LEGEND:

Taxpayers:

a:

Dear :

We received a letter from your authorized representative, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election under § 263(c) of the Internal Revenue Code for the a taxable year. This letter responds to that request.

According to the information submitted, Taxpayers did not timely make the election under § 263(c) for the a taxable year. Taxpayers have made representations explaining why the election under § 263(c) was not timely filed.

Section 263(c) provides that regulations shall be prescribed by the Secretary granting an option to deduct as expenses intangible drilling and development costs in the case of oil and gas wells. Those regulations are set forth in § 1.612-4 of the Income Tax Regulations.

Section 1.612-4(d) provides that the election to deduct as expenses intangible drilling and development costs in the case of oil and gas wells may be made by claiming intangible drilling and development costs as a deduction on the taxpayer's return for the first taxable year in which the taxpayer pays or incurs such expenses; no formal statement is necessary.

Section 301.9100-1(c) provides that the Commissioner, in an exercise of discretion, may grant a reasonable extension of time under rules set forth in

§§ 301.9100-2 and 301.9100-3 to make a regulatory election, or a statutory election (but not more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H and I.

Sections 301.9100-2 and 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make the election under § 301.9100-1(a).

Requests for relief under § 301.9100-3 will be granted when the taxpayer provides the evidence to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the Government.

Based on the facts and representations submitted with your request, we have determined that the requirements of § 301.9100-3 have been satisfied with respect to the a taxable year. Therefore, an extension of time is granted, until 60 days from the date of this ruling, for making an election under § 263(c) for the a taxable year.

Except as expressly provided herein, we express or imply no opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express or imply no opinion concerning whether Taxpayers own working interests in oil and gas properties or whether any costs paid are incurred by Taxpayers qualify as intangible drilling and development costs under § 263(c) and § 1.612-4.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

In accordance with the Power of Attorney on file with this office, we are sending a copy of this letter to your authorized representative. A copy of this ruling must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing

their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Associate Chief Counsel
(Passthroughs & Special Industries)

By:

Charles B. Ramsey, Chief
Branch 6
Office of Associate Chief Counsel
(Passthroughs & Special Industries)